



JAMES H. "JIM" BROWN
COMMISSIONER OF INSURANCE
STATE OF LOUISIANA

P.O. Box 34214
BATON ROUGE, LOUISIANA 70804-3214
(504) 342-5900

MARCH 6, 1995

DIRECTIVE NO. 123

**TO: EDWARD M. CARRIERO, PRESIDENT AND C.E.O.
LIFE GENERAL SECURITY INSURANCE COMPANY
OR ANY DULY DESIGNATED PERSON OR ENTITY**

Pursuant to an order in an adjudicatory hearing, Louisiana Department of Insurance Docket No. L-94-120, which hearing arose out of a market conduct examination, you were found to be using an outdated pricing schedule (the 1989 Medical Data Research, hereinafter, "MDR") from January 1, 1991 through June 30, 1993, to settle claims and, therefore, claims for that period were settled for less than a reasonable amount. Additionally, from January 2, 1992 through June 30, 1993, you were found to have limited the benefits on certain group health and accident replacement policies for certain employers that were otherwise payable in full, because the time limitation on a preexisting condition had been met under a prior health benefit plan.

NOW THEREFORE, pursuant to the above mentioned order, you are hereby directed to:

- 1) Pay to each claimant the difference between the amount for which the claim was settled using the 1989 MDR and the amount the claimant would have been entitled to had the proper MDR been used to settle each and every claim during the period from January 1, 1991 through June 30, 1993;
- 2) Pay the difference between the amount of benefits had they been paid in full as required by law, and the limited amount, with regard to the claims benefits on group health and accident replacement policies where coverage was continuous from the prior carrier; and,

- 3) Make bi-monthly reports to the Louisiana Department of Insurance regarding the progress you have made in compliance with this directive.

This directive does not relieve you of your duty to comply with any other order(s) issued to you by this Department. Rather, this directive is to ensure full compliance with Louisiana Insurance Laws, Rules, Regulations and Directives; specifically, LSA-R.S. 22:1214(14)(h) and R.S. 22:215.6.

The refusal or failure to comply with this directive may result in further action by the Department of Insurance.

Please be guided accordingly.

James H. "Jim" Brown
Commissioner of Insurance
Louisiana Department of Insurance

Effective Date and Time:

4:30 P.M.
March 6, 1995